



United States Department of State

*Office of Foreign Missions
Washington, D.C. 20520*

NOTICE

Diplomatic & Consular Tax Exemption in the State of Arizona

The nature and procedures of the Arizona transaction privilege tax have often left foreign missions and their members puzzled as to how to obtain an exemption from this tax. Eligible foreign missions and their members are one of the very few groups entitled to exemption of relief from this tax; therefore Arizona vendors are not accustomed to receiving and granting requests for tax exemption.

The State of Arizona Department of Revenue recognizes diplomatic and consular tax exemption and allows vendors to deduct such a transaction from their taxable receipts. The Office of Foreign Missions advises foreign missions or members who plan to make purchases in Arizona to present a photocopy of the attached letter to vendors when requesting exemption.

This letter will further explain to Arizona vendors their ability to grant diplomatic or consular tax relief. Failure to use this letter may delay or prevent a foreign mission or member from receiving tax exemption.

If a vendor wishes to verify the eligibility for a tax exemption, they can use the Department's online tax card verification system at <https://ofmapps.state.gov/tecv/>.

Please contact the Office of Foreign Missions at 202-895-3500 ext. 2 or OFMTaxCustoms@state.gov with questions or concerns. Missions located outside the Washington, DC area can contact their nearest OFM regional office.

April 8, 2014

STATE OF ARIZONA*Department of Revenue*

Janice K. Brewer
Governor

David Raber
Director

April 1, 2014

Cheryl Edson
Program Manager
Diplomatic Property, Taxes, Services & Benefits
United States Department of State
Office of Foreign Missions
3507 International Place, NW
Washington, DC 20522-3303

Dear Ms. Edson:

The following information concerning Arizona's recognition of the United States Department of State's diplomatic exemption program is provided in response to your e-mail dated March 11, 2014.

Arizona imposes a transaction privilege tax that differs from the sales tax imposed by most states. The Arizona transaction privilege tax is a tax imposed on the privilege of conducting business in the State of Arizona. This tax is levied on the vendor, and not the purchaser. The vendor may pass the burden of the tax on to the purchaser; nonetheless, the vendor is ultimately liable for the tax.

Notwithstanding the fact that the tax is not imposed directly on the purchaser, Arizona does recognize the diplomatic tax exemptions that are granted by the U.S. Department of State.

Arizona vendors who inquire about this matter are informed that the Office of Foreign Missions issues tax exemption cards to certain diplomatic and consular mission members. These exemptions are to be honored in Arizona to the extent of the exemption allowed by the card.

Vendors are furnished with a copy of the State Department's brochure that explains this exemption program. Their attention is called to the fact that the cards are coded with animal images to indicate the level of the exemption allowed. Some cards are valid for exemption from tax on hotel accommodations while others specifically exclude hotels from exemption. Also, some cards are not valid for purchases below a stated dollar threshold.

Vendors are advised that they should make a photocopy of both sides of the card and retain it with their records to establish entitlement for the deductions for these exempt transactions. Also, with regard to purchases of motor vehicles, vendors are advised that

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they must contact the Office of Foreign Missions to get approval of the purchase before the exemption will be allowed.

Arizona statutes do not directly provide an exemption for diplomatic and consular mission members and the subject is not addressed by administrative rule. Nonetheless, if you wish, you may furnish copies of this letter to Arizona vendors, as appropriate, as a means of informing them of these allowable deductions from the transaction privilege tax.

If I can be of any additional service, please contact me at 602.716.6791.

Sincerely,

A handwritten signature in black ink, appearing to read "Christie Comanita", with a stylized flourish at the end.

Christie Comanita
Manager
Tax Research & Analysis